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TO RUEHC/SECSTATE WASHDC PRIORITY 0593
INFO RUCNDT/USMISSION USUN NEW YORK PRIORITY 0322
RUEHGV/USMISSION GENEVA PRIORITY 0339
RHMFISS/HQ USEUCOM VAIHINGEN GE PRIORITY
RUCPDOC/DEPT OF COMMERCE WASHDC PRIORITY
RUEHRB/AMEMBASSY RABAT 1227
RUEHTU/AMEMBASSY TUNIS 6063
RUEHLO/AMEMBASSY LONDON 1177
RUEHFR/AMEMBASSY PARIS 1699
RUEHMD/AMEMBASSY MADRID 8430
RUEHNK/AMEMBASSY NOUAKCHOTT 5797
RUEHCL/AMCONSUL CASABLANCA 2650

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TAGS: PREL PBTS EINV ETRD AG WI

SUBJECT: NEA A/S WELCH'S MARCH 14 DISCUSSION OF WESTERN SAHARA AND BILATERAL ISSUES

Classified By: Ambassador Richard W. Erdman,
for reasons 1.4 (b) and (d)

SUMMARY

¶1. (C) In his March 14 meeting with NEA A/S David Welch, PM Ouyahia said principles mattered in the world, and Algeria looked to the UN to stick by its principles on the Western Sahara, whose situation was a result of decolonization. Welch said the U.S. did not want to discard the UN process, but dealing with the realities of the situation was a challenge that the U.S. and Algeria would need to work on together. Finally, Ouyahia noted the progress Algeria had made in creating a climate favorable to foreign investment and encouraged more investment by U.S. firms. Welch affirmed that the bilateral relationship was both important and rapidly changing as evidenced by the growing number of U.S. visitors and increased interest from U.S. investors. Septel to report discussion of the peace process, Sudan, Iraq, and Iran. (End Summary.)

OUYAHIA OFFERS FAMILIAR PERSPECTIVE ON WESTERN SAHARA

¶2. (C) On the issue of the Western Sahara, Ouyahia noted he had accompanied President Bouteflika to Washington for his November 2001 meeting with President Bush and said the U.S. should not forget that Algeria supported former Secretary of State Baker in the whole course of the development of his plan. Baker delivered good proposals, with a referendum setting the stage for Sahrawi self-determination. Algeria strongly encouraged the Polisario to set aside its fears and support the plan. Unfortunately, said Ouyahia, Morocco refused to accept the Baker Plan, and the UN Secretary General's Personal Representative Van Walsum was telling the UN Security Council that the realities today were different and that Algeria needed to be more involved in finding a solution to the dispute.

¶3. (C) Ouyahia said he wanted to stress a couple of points. First, Algeria still looked to the UN to stick by its principles. Principles mattered in the world. Second, the issue in this dispute was one of decolonization. As such, Algeria would not be a direct party to any negotiations; this issue was for the Sahrawi people and Morocco to decide.

Ouyahia maintained that Algeria had given its full support to the UN and UNSC since 1986 and emphasized that President Bouteflika had said "at least 100 times that Algerians do not want to see a single Algerian die for one inch of land outside our national territory." On the subject of Western Sahara, Welch said the U.S. respected the UN process and did not want to discard it. That remained the U.S. view, but dealing with the realities of the situation was the challenge in front of us. We could not leave it the way things were, but there was no clear direction on where to go.

Independence was unlikely in Welch's view. Welch offered that the U.S. and Algeria work together to bridge the gaps in this area.

BILATERAL RELATIONS MOVING FORWARD WELL

¶4. (C) On the subject of working together, Ouyahia turned to the Algerian-U.S. bilateral relationship and said it was moving forward very well. Algeria had nearly fully won the battle against terrorism on the ground, but 150,000 had died and many more Algerians had suffered during the 1990s from terrorism. This history explained, said Ouyahia, why Algerians showed solidarity and support with the U.S. at both the official and popular levels after September 11, 2001. Ouyahia characterized the outpouring as spontaneous and argued that "terrorism does not know borders, states, colors or religions." Terrorism anywhere in the world, therefore, was a threat to the international community and to Algeria.

¶5. (C) Ouyahia hoped that the overall improvement in domestic security would encourage U.S. firms to invest. Algeria was working to reform its economy by increasingly opening the country to capitalism, ridding itself of the vestiges of socialism, and investing in infrastructure

development. In this regard, he was pleased that a U.S. firm like Bechtel was interested in participating in construction of the \$7 billion East-West highway project. (Note: Working at highest levels, Embassy played a key role in convincing GOA to shift from a build-operate-transfer model to a sovereign financing approach and 2) to embrace an evaluation model that would give weight to factors of quality, integrity, and proven performance. The bids will be opened March 28 and all recent signals suggest Bechtel has a good chance of being awarded at least one of the \$2.5 billion segments.) Welch agreed the bilateral relationship with Algeria was important to the U.S. and that the relationship was rapidly changing, noting that the growing number of U.S. official visitors was one effective measure of the change and interest from U.S. investors another.

¶6. (U) A/S Welch has cleared this message.

ERDMAN